

## **MANDELA BAY DEVELOPMENT AGENCY**

### **VISION AND MISSION**

#### **VISION**

*To be a world-class city with well managed sustainable and vibrant urban places in Nelson Mandela Bay.*

#### **MISSION**

*To revitalise and promote designated sustainable urban places, in partnership with the Nelson Mandela Bay Municipality, and to the benefit of the whole community.*

The Mandela Bay Development Agency (MBDA) is the driving force behind urban regeneration in Nelson Mandela Bay's inner-city area. The organisation was formed in 2003 as an initiative of the Nelson Mandela Bay Municipality (NMBM) and the Industrial Development Corporation (IDC) to address the serious urban decay in the inner-city and to facilitate the development of the southern part of the harbour for non-industrial purposes.

As a special purpose company, formed by the NMBM as a municipal entity, the MBDA is governed by the Municipal Systems Act (Act No. 32 of 2000) and the Municipal Finance Management Act (Act No. 56 of 2003). The MBDA operates under a mandate determined and approved by the NMBM and also has a Service Delivery Agreement (SDA) with the NMBM. Its Board of Directors represents various interest groups from the private, public and community sectors and provides the organisation with the necessary strategic guidance and operational oversight in obtaining its objectives.

## **A MUNICIPAL EMPHASIS**

The MBDA has its origin in the recognition that strategic public sector investments in public facilities, infrastructure and places could be a catalyst for downstream private sector investment. The MBDA was created to play a key role in unlocking public sector resources. Initiating the property developments required to transform the Mandate Area into a vibrant and economically functional area, setting in motion private sector investment and the associated economic multipliers such as employment increased, local business income, increase rates income, and increased property values through seed investment in supporting public services and infrastructure, is its core purpose.

The MBDA's functions and activities complement those of the NMBM, and as such it works in close relationship with the City's directorates. Interactions with the City's directorates responsible for planning and property, infrastructure and engineering, budget and treasury and economic development are particularly important.

As an implementing agency of the NMBM, the MBDA's purpose and tasks are clear. It serves as a specialised and professional agent managing urban renewal initiatives with specific geographic areas in the Nelson Mandela Bay region. International and local experience has highlighted the roles that development agencies can fulfil in the development of a city.

The MBDA's objectives in terms of its mandate are:

- To promote economic growth through urban renewal in Nelson Mandela Bay.
- To regenerate decaying areas in the City, so as to enhance the ability to contribute to the economic development of the city and the quality of life of its residents of these areas.
- To promote productive partnerships in cooperation with all relevant stakeholders on area based activities and initiatives.
- To follow a process of getting the basics right such as security, cleansing, and informal trading.

- To ensure a mutually beneficial working relationship with the NMBM.
- To promote the MBDA as an urban renewal vehicle.
- To identify short-, medium- and long-term capital projects.
- To facilitate private and public sector investment and thereby create the required confidence to sell the City to investors.
- To design processes that will enable the assets of the NMBM to be leveraged and create revenue streams.

It is important to note that the MBDA's mandate was extended at the end of 2007 by the NMBM to include other emerging business nodes in the Nelson Mandela Bay region. Initial planning has already commenced in respect of these projects, including the upgrading of Market Square in Uitenhage.

#### MAP OF THE MANDATE AREA



## UITENHAGE/DESPATCH



## BOARD OF DIRECTORS

Saki Macozoma  
*Chairperson of the Board*

Phil Gutsche  
*Deputy Chairperson of the Board*

Hannah Sadiki  
 Pepi Silinga  
 Alfred Da Costa  
 Wilhela Gie  
 Danny Jordaan  
 Rojie Kisten  
 Lulama Prince

**AUDIT COMMITTEE**

Kevin Pather - *Chairperson*

Lulama Prince

Stephen Nel

**HUMAN RESOURCES AND REMUNERATION COMMITTEE**

Phil Gutsche – *Chairperson*

Wilhela Gie

Pepi Silinga

**STATEMENT OF THE EXECUTIVE MAYOR**

The world is presently in the grip of an international recession that is having widespread effects. During these times, people often lose their passion for business and community life, and South Africa and Nelson Mandela Bay are no exceptions.

The City fathers of Nelson Mandela Bay realised in 2003 that the inner city has gone through a process of serious urban decay and that these negative impacts on the City should be arrested. After extensive international research, in cooperation with the Industrial Development Corporation (IDC), the concept of a development agency driving the reversal of urban decay through infrastructure investment was adopted. The MBDA commenced its duties in 2004. It was given slim chance at the time of ever reversing the increasing urban decay.

In the objective of reversing urban decay, the MBDA based its activities on a well-researched plan, which eventually culminated in the Strategic Spatial Implementation Framework (SSIF). In South Africa, many plans have been developed over time, but the acid test lies in the implementation of such plans.

The City fathers have demonstrated the political will to address the problems in the inner city, as it was accepted that if a City – as the engine of growth – died, then the

region would die as well. The MBDA embarked on a process of identifying critical services that needed to be provided and infrastructure projects that would serve as a catalyst for urban renewal to ensure the return of private sector investment and therefore confidence in the inner city.

Although there was a degree of scepticism around the services provided in terms of private sector contracts in respect of security and cleansing, these services, complementary to the environmental upgrade of Govan Mbeki Avenue Phase 1 and Parliament Street, had a role in the reversal of the economic ills of the Central Business District and Central. With the completion of the Parliament Street upgrading and the environmental upgrading of Govan Mbeki Avenue Phase 1, it was clear that the “puzzle”, as reflected in the SSIF, was coming together.

International experience has shown that to increase economic growth in a specific city or area, growth, culminating in a higher Gross Domestic Product (GDP), and increased employment are required. It is important that economic growth is brought about through significant infrastructure investment, such as seen in cities such as Durban, Cape Town, Pretoria and Bloemfontein over the past few years. It is therefore important to increase infrastructure investment in the CBD, Central and township areas to provide the basis and environment for economic growth.

Although the MBDA handles only a small portion of this broad infrastructure investment programme, its efforts in the CBD and Central are certainly starting to pay off.

The MBDA has not only brought about a difference through its ability to project manage infrastructure projects to fruition, but also through its social transformation approach. It is common cause that bricks and mortar are important elements in making a change, but that real change lies in social transformation and changing perceptions. The MBDA's efforts to reach out to the community, and initiatives such as introducing art, have multiplied the impact of its infrastructure projects.

The NMBM will continue to support the efforts of the MBDA, as it is one of the measures to increase the pool of rates and taxes to enable more investment in

needy areas, such as the townships. It is important that a municipality, particularly a metropolitan municipality, not only provided services, but also play an increasingly developmental role in cooperation with the private sector. It is through such efforts that the necessary funding will be created for the ever-increasing demand for infrastructure investment in a growing city such as Nelson Mandela Bay.

I wish the MBDA, the Board of Directors and its staff all the best for the implementation of its next Five-year Strategic Plan, a Plan which has been sanctioned by the Mayoral Committee.

**CLLR Z G WAYILE**  
**EXECUTIVE MAYOR**

## **STATEMENT OF BOARD CHAIRPERSON**

Although Nelson Mandela Bay traditionally lags behind the more developed cities in South Africa, the past few years have shown signs of a recovery. Although the reasons for this recovery are diverse, such as the economic boom experienced in the world and most parts of South Africa prior to the current economic recession internationally and locally, it is common cause that the MBDA has played a significant role turning the City around.

Until a few years ago, there were serious concerns about the future of the inner-city area of Nelson Mandela Bay, but it is clear that its economic ills have been arrested and that the process in doing so is continuing in an exponential trend. As this Annual Report demonstrates, the MBDA has successfully managed a significant turnaround in the fortunes of the inner-city area of Nelson Mandela Bay. Although we are still at the beginning of a process that will take several years, even our sceptics and critics will admit that the basics are in place, i.e. an organisation that can deliver and fulfil a political mandate through a strong development agenda.

The 2008/09 financial year has in many respects been a watershed year for the MBDA as it has reached a point of critical mass where its projects collectively are paying dividends in the turnaround of Nelson Mandela Bay. The MBDA has seen an incremental upward trend over the past five years and it is therefore opportune to reflect on the journey travelled, achievements, lesson learned, disappointments, and setbacks, as well as the continued relevance of the urban renewal mandate.

The world economy is presently in the grip of a major recession – the worst since the Great Depression of the 1920's. South Africa had not been spared from this recession. The prevailing economic environment has made the MBDA's mandate to turn the economic fortunes of the City around, much more difficult. Very few, if any, property investors, responding to the MBDA's efforts in South Africa and all over the world want to expand their property portfolios right now. Many seem to be focused on mere survival and preserving their businesses.



It is in this time of recession that it becomes even more important to invest in infrastructure, one of the most powerful mechanisms to ensure economic growth. It is in this area that the MBDA has achieved exceptional results in an environment where not much of a success rate was foreseen.

Irrespective of the economic recession, the MBDA has continued with the implementation of its Strategic Spatial Implementation Framework (SSIF), which was developed in 2005. The step-by-step implementation of the SSIF is particularly reflected in the second phase of the environmental upgrading of Govan Mbeki Avenue and the completion of the environmental upgrading of Parliament Street. Not only has the MBDA fulfilled its mandate, but it has also filled a vacuum in respect of project management skills and has built reputable administrative and financial systems in the process.

The MBDA has also established good governance and is meeting its development mandate with programmes and projects building on the existing strengths of the City, whilst stimulating growth in sectors and regions in which economic activity has been minimal. Against the backdrop of the history of Nelson Mandela Bay over the past twenty years and the turnaround in its fortunes over the past five years, these achievements are nothing short of extraordinary in an often difficult environment. The MBDA has demonstrated that an organisation can only expect success if the end objective is kept in mind and pursued with commitment and focus.

The MBDA has increasingly carved out a project management role in urban renewal infrastructure projects on behalf of the Municipality. It has been positioning itself as an agency for infrastructure project management purposes and support in Nelson Mandela Bay. It is therefore most satisfying that we can report that the urban renewal project has grown from strength to strength and continues to improve on its valued proposition in response to its context and competitors.

These successes, and the MBDA's promising future, are entirely thanks to the dedication of the Chief Executive Officer, the Executive Management and each staff member within the Agency. The Board is highly appreciative of the passion for urban renewal amongst the staff complement of the MBDA.

This Annual Report does not reflect only the results achieved over the past financial year, but also the challenges that will have to be met over the next five years. These are enshrined in the Five-year Strategic Plan developed by the MBDA and sanctioned by the NMBM Mayoral Committee. The goal of the Strategic Plan over the next five years is not only to act as an urban renewal infrastructure agency, but also to pay increased attention to the social transformation of the City. It is now widely accepted that urban renewal is not only about bricks and mortar, but also about social inclusivity and a constant change in often negative perceptions.

It has become clear that although the MBDA has been very successful in project managing infrastructure projects with a view to urban renewal, it has not always paid sufficient attention to its social transformation responsibilities. The MBDA has proven that it can deliver in urban renewal infrastructure projects, but the higher social content in its projects demonstrates that it is a key entity in social transformation. This is borne out by the new Donkin Reserve project and its design process.

The Board of Directors has no doubt that the Agency will continue to meet its challenges. Political support and buy-in from the City fathers is a major determinant of success for any project, and in this regard we are pleased that the City's political authority continues to support the projects and work of the MBDA.

2009 marks the fifth anniversary of the MBDA and it is with pride that it can look back on its achievements over the past years.

Amongst other major developments in Nelson Mandela Bay, the MBDA initiative continues to capture the imagination of the citizens of Nelson Mandela Bay. The MBDA has achieved a turnaround with its projects by introducing security and cleansing, public spaces through urban renewal infrastructure projects, and people through branding projects to the City.

**SAKI MACOZOMA**

## **CHIEF EXECUTIVE OFFICER'S REPORT**

Public owned entities are under continuous scrutiny to perform and meet the required standards. There are very certainties for public owned entities such as the MBDA, but among these are change and a constant adaptation to customer needs. It has become increasingly difficult to maintain high levels of standards, commitment and passion in an environment that is often hostile, from a legislative and bureaucratic point of view.

Although the MBDA has adopted certain practices of successful international development agencies, it was clear that it needed to develop and implement a home-grown plan that would address the needs of the people and the city of Nelson Mandela Bay. From an urban renewal point of view, the MBDA entered a complete vacuum and its approach, the services delivered as well as the infrastructure projects and continuous communication and consultation with the community enabled it to reach a point of critical mass to consolidate and build on its successes over the next five years.

The MBDA is continuously strategically reviewing its mandate resulting in the continuous refocusing of the organisation on the different aspects of urban renewal. Market demand and stakeholder needs are fluid and the present recession has undoubtedly forever changed financial markets and property development permanently. Over the past year, the organisation has made a paradigm shift from a hardcore infrastructure project manager to an additional roleplayer in social transformation from an urban renewal perspective.

Benchmarking against similar organisations nationally and internationally, the MBDA continuously strives towards a high degree of professionalism and high standards of project management and social inclusion to ensure that it improves its value proposition in the areas in which it has chosen to be active, thus maximising its opportunities to achieve the desired end result. In order to deliver on its promises, the organisation has resolved to give particular focus to improve the implementation of its performance management systems.

Over the past year, the MBDA took a giant leap towards being a viable, effective project management house and support agency that focuses on attracting new property investment to the Nelson Mandela Bay CBD and the wider areas.

The MBDA follows a business model that is based on the key success factors of international development agencies, but is tailormade to the custom needs of the citizens of the City. The Agency is steadily moving away from its previous role as promoter of urban renewal towards becoming the hub for managing infrastructure projects in Nelson Mandela Bay.

In this world of change, however, our strategic priorities are unyielding, which are to increase the development impact of our projects, to build on the internal structural and functional gains we have made over the past five years, to address the ongoing challenges of corporate financial viability, and to enhance strategic and operational alliances, particularly with the private sector. The MBDA has embarked on various urban renewal projects and has diligently followed the vision set out in its Mandate Document.

**PIERRE VOGES**

## **OVERVIEW**

### **Organisational Capability**

The MBDA has developed a high concentration of project management skills within the built and social environment in general. This capacity has positioned the MBDA as a prominent NMBM implementing agent of choice, focusing on project and programme implementation, social transformation and social engineering.

It has built significant experience in areas such as cleansing, regulation of informal trading and security, urban design, architecture, urban planning and sound administrative systems.

### **Challenges in a Rapidly Changing World**

The main challenges of the MBDA remain to keep in touch with the people of the City and meet customer needs through its infrastructure and service delivery programmes. Within the constraints of present municipal legislation and funding constraints, it has become clear that the prioritisation of projects with the highest catalytic impact and downstream community benefit has become a key management objective. The key challenging areas for the MBDA still remains in maintaining a professional development approach, managing projects in terms of the main pillars of project management, continuously training its staff in the philosophy in terms of urban renewal lobbying and for the required funding in creating the required levels of development urgency.

In this process, it has become increasingly important for the MBDA to play a key role in positioning Nelson Mandela Bay as a competitive city, from a national as well as international point of view. The clustering of the appropriate infrastructure projects and community and business interests has become a cornerstone of this approach.

A further challenge for the MBDA is to project itself as the development arm of the NMBM, particularly in those kinds of projects where skills and experience within the

NMBM are limited. It has become increasingly important to position the MBDA in a situation of “separate, but together” with the NMBM as well as maintaining a unique identity with a strong private sector approach. The MBDA fully believes that within the present legislative bureaucracy, a difference can be made through not only compliance, but also innovation, creativity and urgency.

### **A New Strategic Direction**

The MBDA has achieved significant success in urban renewal in Nelson Mandela Bay. Urban renewal is a living expertise and it is important to not only deliver in the projects identified in the Strategic Spatial Implementation Framework (SSIF), but also to position itself for the next five year period in such a way that it not only delivers in infrastructure implementation, but also in social transformation.

Key projects such as the upgrading Govan Mbeki Avenue and Parliament Street are not only the outcome of architectural, urban design, and planning, but also of stakeholders needs. Projects are not designed and implemented because they look good, but because they are functional and speak to the needs of a City and its people. The MBDA is therefore continuously putting systems in place to create an effective bridge between the core business of engineering, architecture and urban design on the one hand, and what makes sense from a financial and economic perspective on the other hand.

### **A Distinctive Feature**

The MBDA's approach constitutes a radical contrast to a typical and municipal environment. The MBDA's focus is firmly on delivery and making a difference, which demands not only innovation, creativity and urgency, but also full compliance with relevant legislation.

### **The Way Forward**

As mentioned in previous paragraphs, the primary focus of the organisation was on the planning, development, funding and direct delivery of the basics of cleansing,

security and by-law management and capital infrastructure projects. This focus was entirely appropriate for the early years, as it was important to establish the organisation's reputation of being able to make a significant difference and deliver on its mandate on behalf of the Municipality.

The situation has evolved considerably and the MBDA now has a maturing portfolio of project, activities and interventions that are delivering, in practical and visible ways, the core mandate of urban renewal. Through these activities, the Agency has demonstrated its role as a strategic leader and catalyst for urban renewal.

Our future approach to urban renewal will include the following elements:

- People at the centre
- Partnerships
- Optimal use of resources and continuous improvement

## **EXPANDING OUR GEOGRAPHIC REACH IN THE FUTURE**

We recognise that the socio-economic and service delivery requirements in our City demand that we also apply our expertise outside of the original mandate area. Going forward, we will gradually take on projects into areas such as Uitenhage/Despatch, Motherwell, New Brighton and the North End precinct around the newly built Nelson Mandela Bay Stadium.

We aim to replicate our approach through strategic projects in the CBD, in the needy township precincts and other emerging areas in Nelson Mandela Bay. These projects will include projects that can be a catalyst for urban renewal, such as Njoli Square and the Stadium Precinct in North End.

Importantly, we will preface capital projects in these areas with a strong awareness drive of urban renewal and the accompanying benefits amongst residents.

In some instances, we will initiate projects outside of the Mandate Area, while in others we will act as the implementing agency of the NMBM. Its current resource base does not provide for additional projects, it will need to expand its internal project management capacity by appointing additional project managers. Secondly, we will ensure that the human and financial resources required to implement projects are available to us before adding new projects to our schedule. The MBDA Board will be the key decision-maker regarding our capacity to do so.

This will mean that the MBDA will adopt a changing role to meet the needs of the community. Going forward, we will work through three roles:

- The doer of specific projects and programmes conceptualised, completed, marketed and managed by the MBDA.
- The promoter of projects and programmes not necessarily directly funded or implemented by the MBDA, but planned and promoted by it, so that funding can be obtained for implementation by other entities. We may be an implementation partner.
- The supporter of projects and programmes planned, funded and implemented by other government entities. The MBDA will monitor, integrate and action, if necessary, and coordinate the functioning of these with initiatives within MBDA actions.



## **AUDIT COMMITTEE REPORT**

We present our report for the year ended 30 June 2009.

### **Audit Committee members and attendance**

The Audit Committee has adopted appropriate formal terms of reference and consists of two independent and external members as well as a Board director as follows:

KD Pather	-	Independent member and Chairperson
A Da Costa	-	Director (resigned from the Committee on 03/11/2008)
L Prince	-	Director (appointed 23/03/2009)
S Nel	-	Independent member representing Industrial Development Corporation

The Audit Committee meets at least four times per annum as per its approved terms of reference, although additional special meetings with the Auditor-General and the Internal Auditor were held during the year under review as the need arose.

The Internal Audit function has been outsourced to the parent Municipality's Internal Audit Division in line with relevant legislation, which has in turn outsourced the risk assessment to KPMG during the year.

The risk assessment, together with the three-year rolling audit plan, was updated during the year.

During the year under review, four Audit Committee meetings were held.

<b>Name</b>	<b>Number of Audit committee meetings attended</b>	
<b>KD Pather</b>	<b>4</b>	
<b>A Da Costa</b>	<b>0</b>	<b>Resigned 03/11/2008</b>
<b>L Prince</b>	<b>0</b>	<b>Appointed 23/03/2009</b>
<b>S Nel</b>	<b>3</b>	

### **Audit Committee's Responsibilities**

The Audit Committee reports that it has complied, as far as possible, with its responsibilities as set out in the approved terms of reference.

### **Review of the Annual Financial Statements**

The Audit Committee has noted the unqualified opinion expressed by the Auditor-General on the annual financial statements of the Agency.

### **Efficiency and effectiveness of the internal controls**

The matters reported in the reports of the Internal Auditor and the Auditor-General as well as the matters brought to the attention of the Accounting Officer, by way of informal queries and management letters, indicate that whilst there is always room for improvement, the internal controls generally functioned adequately during the year under review.

### **Relevant legislation**

The Committee's terms of reference included responsibility for monitoring:

- The Company's Act
- The Municipal Finance Management Act
- The Local Government Municipal Systems Act

The Committee concentrated primarily on financial legislation and took cognizance of the recommendations of the King II Report on Corporate Governance.

**Performance measurement**

A performance management system has been implemented for all staff members of the Agency. However, management has indicated that a service provider will be hired during the ensuing financial period to ensure that this system is aligned to the strategic objectives and business plans of the Agency, in line with the audit findings of the Auditor-General.

**Conclusion**

The Audit Committee accepts the unqualified opinion of the Auditor-General on the annual financial statements for the Agency for the year ended 30 June 2009 and recommends that the audited annual financial statements be adopted by the Board.

**KD PATHER – CA (SA)**  
**CHAIRMAN**

## **REVIEW OF OPERATIONS**

### **PERFORMANCE HIGHLIGHTS**

During the financial period, the MBDA experienced the following performance highlights:

- The completion of the environmental upgrading of Parliament Street. This project has been a success and confidence and business levels have already increased significantly.
- The commencement of Govan Mbeki Avenue Environmental Upgrade Phase 2.
- The negotiation and appointment of a Stadium Operator for the 2010 World Cup Stadium in Nelson Mandela Bay.
- The completion of Phase 1 of the environmental impact study in respect of the tank farm and the manganese ore facility.
- Further negotiations around the Tramways Building, pertaining to heritage and environmental approval.
- The commencement of the Happy Valley Local Spatial Development Framework (LSDF).
- The commencement of an SSIF for Uitenhage/Despatch.

## **FINANCIAL PERFORMANCE**

### **Operational Budget**

The total actual Operating expenses in the 2008/09 financial year amounted to R16,3 million versus the budgeted operational cost for the same period of R22,6 million.

Plans are afoot to increase the MBDA's revenue streams from non-municipal and IDC sources. These would include lease income, consulting fees, success fees and advertising income. The main objective of the MBDA is to cover its operational

budget as far as possible without having to fully depend on the operational budget of the NMBM.

### **Operational Capital Budget**

The total operating capital budget for the 2008/09 financial year was R336 000 of which R190 000 was expended. This mainly represents expenditure on computer equipment, furniture, fittings and vehicles.

### **Capital/Project Budget**

The core activity of the MBDA in the 2008/09 financial year was the initiation, conceptualisation and implementation of key municipal infrastructure projects that will be catalysts for urban renewal. In this regard, the MBDA follows the philosophy that private sector investment follows public sector investment if the public sector investment is well researched and well targeted.

In the table below, the status of the MBDA's capital infrastructure projects at 30 June is reported.

<b><i>PROJECT</i></b>	<b><i>BUDGETED CAPITAL SPEND</i></b>	<b><i>ACTUAL SPEND AT 30 JUNE 2009</i></b>	<b><i>PLANNED COMPLETION DATE</i></b>
<b>Govan Mbeki Avenue – Phase 1</b>	<i>R35,487,741</i>	<i>R34,698,593</i>	<i>Completed</i>
<b>Govan Mbeki Avenue – Phase 2</b>	R43,367,000	R30,567,305	March 2010
<b>Parliament Street Upgrading</b>	R19,000,000	R18,313,116	Completed
<b>Donkin Reserve Design Plan</b>	R3,903,408	R1,920,741	Completed
<b>Strand Street Design Plan</b>	R3,360,780	R3,108,266	Completed
<b>Uitenhage/Despatch SSIF</b>	R730,000	R183,151	November 2009

<b>PROJECT</b>	<b>BUDGETED CAPITAL SPEND</b>	<b>ACTUAL SPEND AT 30 JUNE 2009</b>	<b>PLANNED COMPLETION DATE</b>
<b>Happy Valley LSDF</b>	R525,000	R293,343	October 2009
<b>Economic Impact Assessment Barometer – Phase 1</b>	R428,500	R186,250	February 2010

The MBDA has made a significant impact on the infrastructure, social and economic landscape of the City through the work that it has done and continues to do within its mandate area and other areas covered in terms of the Council Resolution of 2007.



## **OPERATIONAL PROJECTS**

### **Security**

The MBDA has intensified its security project, with the expansion of the initiative to other areas of the Mandate Area. In terms of an agreement with the NMBM, the security contract has been handed back to the NMBM for management in September 2008.

The security project has achieved further critical mass through the development of a high technology CCTV operations room at the Fire Station in Walmer Boulevard. This decision, which complements the present 24-hour guard system in designated areas within the mandate area, is one of the MBDA's pillars of success.

The operational spend on security in the 2008/09 amounted to R3,2 million.

### **Cleansing**

The cleansing project of the MBDA has been particularly successful, not only in the areas covered in Port Elizabeth CBD and Central, but also the cleansing project launched in the CBD of Uitenhage.

These projects continue to deliver successful results and the NMBM is proposing that further precincts be covered through the proven recipe in respect of cleansing.

The operational spend on cleansing in the 2008/09 financial year amounted to R1,6 million for the Port Elizabeth CBD, and R824 000 for the Uitenhage CBD.

## **PERFORMANCE MANAGEMENT**

The MBDA is a municipal entity and has been established to implement urban renewal projects on its behalf. It is common cause that a bureaucratic environment

is often a constraint for performance. Therefore systems have been put in place, whereby performance can be not only managed, but audited annually.

The issue of performance management should be seen against the backdrop of the main purpose of an agency. The MBDA's functions and activities complement those of the NMBM, working as it does in close relationship with some municipal directorates. Interaction with the directorates responsible for planning, property and economic development are particularly important.

As an implementing agency of the NMBM, our purpose and tasks are clear. We serve as a specialised and professional agency, managing urban renewal activities within specific geographic areas within the NMBM region. International and local experience has highlighted the roles that development agencies can fulfil in the development of a city.

The main pillars for performance are the following:

- **A special purpose vehicle for specific city objects**

Agencies are created to attend to special infrastructure projects or urban renewal strategies. Agencies could have a specific focus, which a municipal administration cannot provide.

- **Honest broker and facilitator**

Municipalities have to serve public interests. Agencies, on the other hand, can represent developers and other interests with a business approach. Agencies could also integrate a number of competing perspectives.

- **Translator/Communicator between public and private sector and public interests**

A development agency is importantly situated outside of local government bureaucracy of and can articulate both private sector interests and municipal



responsibilities. It is also well placed to incorporate the public sectors view into projects.

- **Adapting to new situations**

Agencies are small and flexible, compared to the larger city administrations. They are therefore better able to adapt to changes in the development environment.

- **Experimenter/Risk taker**

Flexibility enables agencies to experiment with ideas and once success is shown, to pursue risks. Municipalities cannot take on the role of experimenter or risk taker.

- **Credibility of the City**

With the success of agencies, the cities in which they are located, get credit and credibility as being able to deliver on the responsibilities of urban renewal and focus on promotion and attention to special projects.

- **Doer**

Agencies have a limited mandate, which is to act as implementers of projects, either directly or as catalysts for development. In many cases, municipalities are unable to implement strategic projects on their own.

- **Creator of value**

The infrastructure and intervention projects for urban renewal that agencies undertake, improve the quality of areas. This increases the values of properties and contributes to employment and the economy.

- **Service provider**

Problematic areas in need of renewal will often display signs of social and environmental ills, such as crime, decay and littering. Interventions by agencies supplement the municipal role in this regard.

The following serves as a framework in which performance can take place and be managed and audited:

**Key Performance Area One – to act as a strategic implementation agent for and on behalf of the NMBM**

The MBDA has successfully projected itself as a development arm of the NMBM, not only in urban renewal projects, but other projects that require special attention. The key municipal infrastructure projects presently implemented are Govan Mbeki Avenue, Parliament Street, Strand Street and the Donkin Reserve.

**Key Performance Area Two – to promote and implement urban renewal initiatives in the mandate area**

These projects underpin infrastructure projects and focus on, *inter alia*, security, cleansing and informal trading. These projects manage consumer and business confidence and form the backbone of changes in perception.

**Key Performance Area Three – to acquire, own and manage land and buildings and/or rights to land and buildings**

In this regard, good progress has been made in co-operation with the NMBM in respect of the derelict municipal land and buildings being capitalised to the MBDA. A number of buildings are being transferred to the MBDA for project management purposes. The ultimate goal would be to get the project transferred onto the balance sheet of the MBDA.

**Key Performance Area Four – to launch, manage and monitor any study that may be necessary to further its objectives**

The MBDA conducted a number of studies within the initiation and conceptualisation phases of its mandate, such as on Lower Baakens River Valley, the Happy Valley LSDF, the LSDF for the Mandate Area, and the feasibility for the commercial development of the proposed Transport Interchange. These studios need to be successfully completed to enable the allocation of a capital budget for the implementation of the projects.

**Key Performance Area Five – to project manage, co-ordinate and implement projects of the NMBM relating to its IDP**

The MBDA's work is not in contrast with the Integrated Development Plan and all the capital projects.

**Key Performance Area Six – to conduct a regular communications programme to its stakeholders**

The MBDA has appointed service providers to manage its public relations, advertising, promotion and marketing activities to reach its various stakeholders. The MBDA's brand has been developed over time to become well known in Nelson Mandela Bay, and plans are afoot to raise this brand nationally and internationally.

**Key Performance Area Seven – to become more sustainable and financially independent in the medium to long term**

While it is accepted that the MBDA will probably never become totally financially independent of the NMBM, the Agency is cognisant of the fact that it needs to become more financially independent and sustainable. As it enters its sixth year of operation, this objective will become a key focus area of the Board and Management.

## CORPORATE GOVERNANCE

### Statement

The Board is satisfied that the MBDA has complied with all relevant legislation affecting the company.

The MBDA is *committed to:*

- *the highest standards of integrity and behaviour in all its dealings with all its stakeholders and society at large;*
- *carrying on business through fair, commercial and competitive practices;*
- *removing discrimination and enabling employees to realise their potential through training and the development of their skills;*
- *being responsible in environmental and social issues; and*
- *playing a key role in the economic transformation of the general Nelson Mandela Bay society, not only through its contribution to the GDP and employment opportunities, but also in understanding that urban renewal is a key component in this process.*

### Overview

A clear distinction exists between the operational matters conducted by the Chief Executive Officer and his staff and the strategic/political guidance provided by the Board.

The Board meets on a quarterly basis and retains full and effective control over the MBDA. Matters of corporate importance are scrutinised thoroughly to ensure that accountability occurs within an environment of performance.

The Board of the MBDA comprises non-executive Directors. The Directors have a wide range of skills in significant commercial and other interests that enable them to bring independent judgement to the Board's deliberations and decisions.

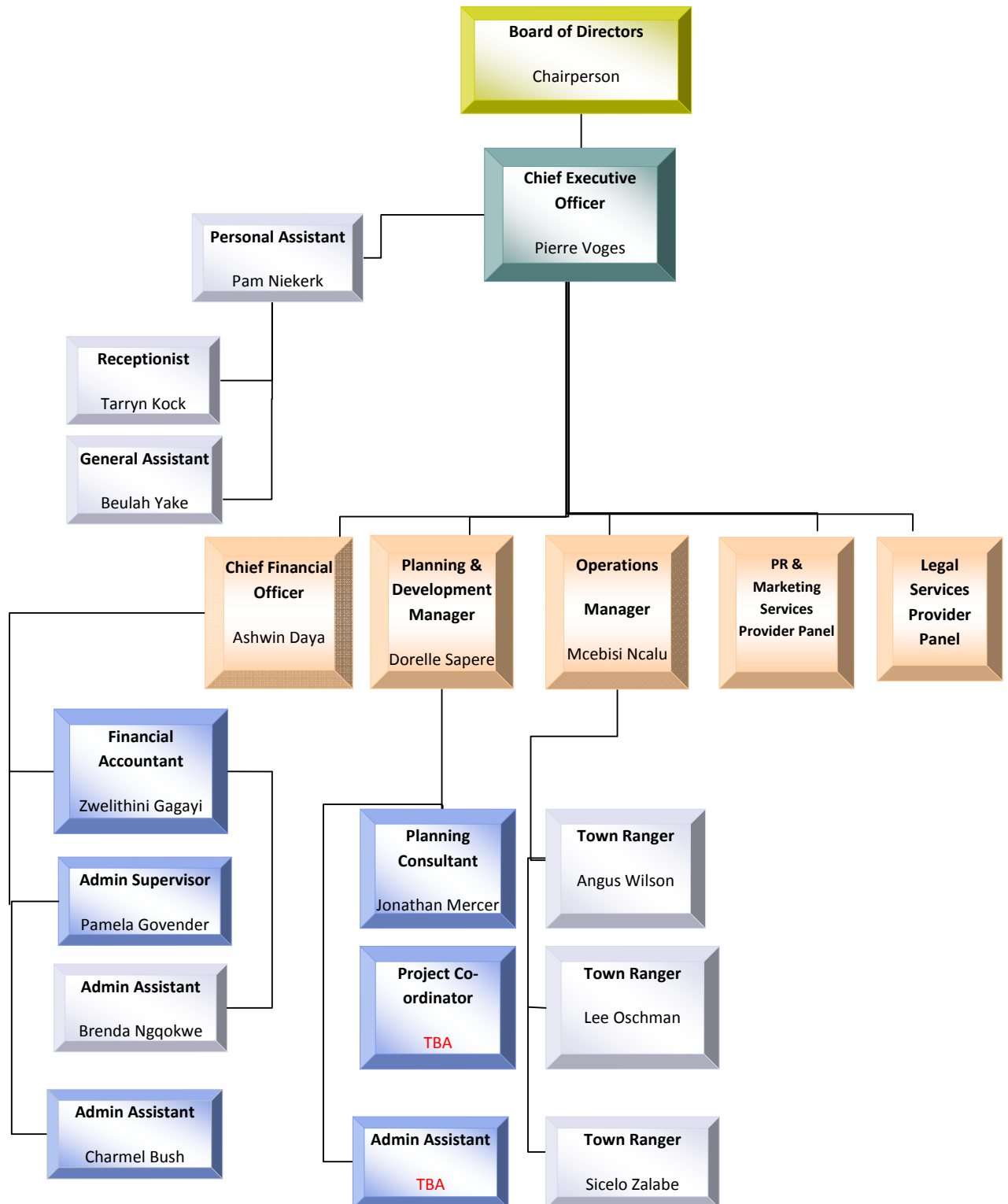
The Audit and Finance Sub-Committee is chaired by an independent chartered accountant, who is not a member of the Board of Directors, while the Human Resources and Remuneration Committee is chaired by the Board's Deputy Chairperson.

Under the powers and authority delegated to it by the Board, the Audit Committee must:

- Oversee the internal and external audits
- Review the annual financial statements
- Agree on the scope and ensure the independence of the statutory auditors
- Monitor internal control systems and risk management processes
- Monitor compliance with the code of corporate governance and the company's code of ethics

The Human Resources and Remuneration Committee comprises three non-executive Directors. This Sub-Committee's specific terms of reference include direct authority for, consideration of, and recommendation to the Board on matters to *inter alia* general staff policy, remuneration, performance bonuses, service contracts and other related matters.

## MBDA STAFF ORGANOGRAM



## HUMAN RESOURCES

The MBDA's present staff component, as per race and gender, is reflected as follows:

### RACE

LEVEL	BLACK	WHITE	COLOURED	INDIAN
Management	1	2		1
Professional	1	1		1
Administration	3	2	3	

### GENDER

LEVEL	MALE	FEMALE
Management	3	1
Professional	2	
Administration	3	6